



State of Utah

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Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

DEC 10 2012

NOV 10 2012

025/005 Incoming
CC: April
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Mr. B. Kirk Nicholes, Environmental Specialist
Alton Coal Development, LLC-Coal Hollow Mine
465 North 100 West, Suite 1
Cedar City, UT 84721

Dear Mr. Nicholes:

Subject: Renewal of UPDES General Permit UTG040027, Alton Coal mine

Thank you for your recent submission of the Notice of Intent to obtain a general permit for the Alton Coal mine. Your application package was complete. Upon review of the material, and in consideration of EPA's recent designation of impairment for total dissolved solids (TDS) for the Kanab Creek-2 Assessment Unit (AU), which includes Lower Robinson Creek, the Division has determined that an individual permit would be a more appropriate permit for the Alton Coal operation. Therefore, we are requesting that you obtain coverage for your discharge under the authority of an individual UPDES discharge permit, instead of having continued coverage under the General Permit for Coal Mine discharges. Coverage under the General Permit will terminate on April 30, 2013, when the five-year term for that General Permit expires. As this expiration date will occur soon, we would encourage you to submit the application for the individual permit at your earliest convenience, to facilitate permit coverage to continue uninterrupted under the individual permit, when the General Permit expires.

As a result of impairment designation by EPA, a limit of 1200 mg/L for TDS (which is the State Water Quality Standard for sources of water used for irrigation and stock watering) will need to be added as an effluent limit in the individual permit, along with an attendant maximum design flow. This effluent limitation for TDS could possibly be modified at a future date, based on options to address this impairment that were identified in a DWQ letter sent to Larry Johnson on November 23, 2012.

While not specifically required by regulation, a level 2 anti-degradation review (ADR2) will fortify the legal basis for the issuance of an individual permit for the Alton coal operation. It is recommended that Alton Coal Development submit a level 2 anti-degradation application as soon as possible.

Enclosed are the application materials to obtain an individual permit. EPA form 3510-1 has already been completed and submitted as part of the Notice of Intent, so it will not be included in

the attached forms. The Company will need to complete EPA Form 2C and, at least the initial section of the Antidegradation Review Form as a minimum, and the ADR2 forms if you decide to do the ADR2.

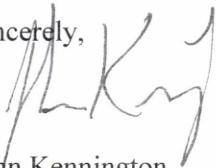
Please complete these forms and submit them at your earliest convenience, but no later than by January 1, 2013, to the Division of Water Quality and to the Environmental Protection Agency at the addresses below:

Division of Water Quality
P.O. Box 144870
Salt Lake City, Utah 84114-4870

U.S. Environmental Protection Agency
ATTN: Amy Clark
1595 Wynkoop Street
Denver, CO 80202-1129

If you have any questions on this matter, please contact Mike Herkimer of my staff at (801) 536-4386, or mherkimer@utah.gov.

Sincerely,



John Kennington
UPDES Engineering Section Manager

JK:MH:mc

Enclosures (2):

1. Antidegradation Review Form (DWQ-2012-003704-1)
2. EPA Form 2C (DWQ-2012-003704-2)

cc: Amy Clark, Permits, U.S. EPA Region VIII
Brady Bradford, Southeastern Utah District Health Department
Dave Ariotti, District Engineer
Daron Haddock, Division of Oil, Gas & Mining